

Southeast Michigan Council of Governments

**Financial Statements, Required and Other
Supplemental Financial Data
June 30, 2004**

49-7-692

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Southeast Michigan Council of Governments	County Wayne
Audit Date 6/30/04	Opinion Date 11/1/04	Date Accountant Report Submitted to State: 11/30/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).	✓		

Certified Public Accountant (Firm Name) PricewaterhouseCoopers LLP			
Street Address 400 Renaissance Center	City Detroit	State Mi	ZIP 48243
Accountant Signature <i>PricewaterhouseCoopers LLP</i>		Date 2/15/05	

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Report of Independent Auditors

To the Executive Committee of the
Southeast Michigan Council of Governments

In our opinion, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeast Michigan Council of Governments ("SEMCOG") which collectively comprise SEMCOG's basic financial statements, as listed in the table of contents, present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of SEMCOG at June 30, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America. We also have audited the fiduciary fund type as of and for the year ended June 30, 2004, as displayed in SEMCOG's basic financial statements. These financial statements are the responsibility of SEMCOG's management; our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2004 on our consideration of SEMCOG's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. These reports which are included on pages 63 and 64 are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.



Management's Discussion and Analysis ("MD&A") on pages 3 through 9 and the budgetary comparison information on page 26 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying schedule of expenditures of Federal Awards on pages 57 through 60 is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general-purpose financial statements. In addition, the accompanying supplemental financial data on pages 27 through 56 is also presented for purposes of additional analysis and is not a required part of the audited financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

Price Waterhouse Coopers LLP

November 1, 2004

Management's Discussion and Analysis

Southeast Michigan Council of Governments

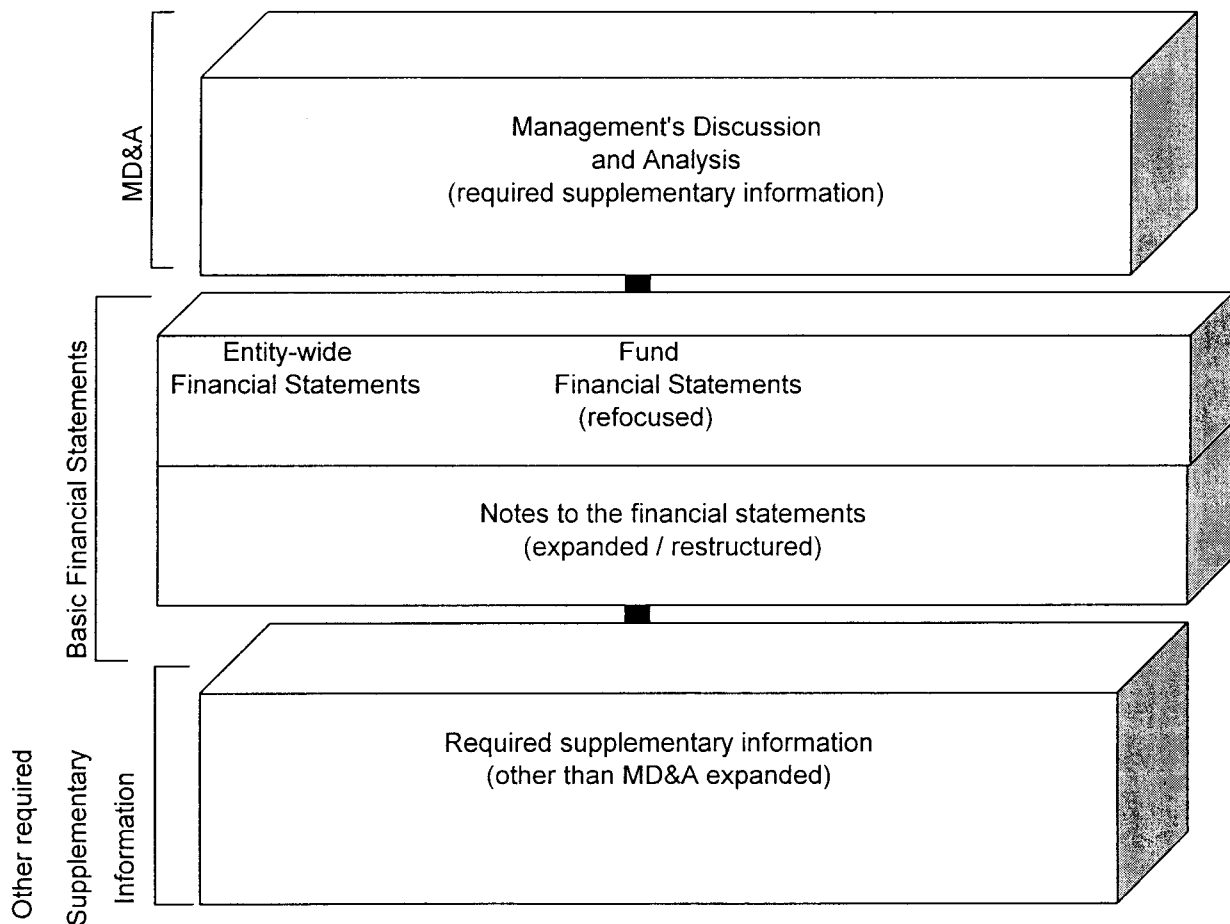
Management's Discussion and Analysis

Year Ending June 30, 2004

Southeast Michigan Council of Governments (the "Council") Management's Discussion and Analysis is intended to assist the reader in focusing on significant financial issues, provide an overview of the Council's financial activity, identify changes in the Council's financial position and its ability to address the next and subsequent year challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and is intended to provide the financial results for the fiscal year ending June 30, 2004.

GASB 34 requires the Management Discussion and Analysis and the presentation of two basic types of financial statements: Council Wide Financial Statements and Fund Financial Statements.

As indicated in the illustration, GASB 34 requires the presentation of the following:



MD&A – Management's Discussion and Analysis –required supplementary information.

Basic Financial Statements – Fund Financial Statements (refocused)

Other Required Supplementary Information – Required Supplementary Information (other than MD&A expanded)

Southeast Michigan Council of Governments

Management's Discussion and Analysis

Year Ending June 30, 2004

GASB 34 requires the presentation of two basic types of financial statements Entity Wide Financial Statements and Fund Financial Statements.

Council-Wide Financial Statements

The Council-wide statements are new and provide a perspective of the Council as a whole. These statements use the full accrual basis of accounting, similar to private sector companies. There are two Council-wide statements: The statement of net assets and the statement of activities.

The Statement of Net Assets, for the first time, combines and consolidates governmental funds, current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current-year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various council services.

Fund Financial Statements

The fund statements are similar to financial presentations of years past, but the new focus is on the Council's major funds rather than fund types, as in the past. The two account groups: general fixed assets and general long-term debt are no longer reported. Consistent with previous years, the fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available, and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used in the fiscal year. In addition, capital asset purchases are expensed and not recorded as an asset. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

Southeast Michigan Council of Governments has only one fund type; the general fund. This fund is used primarily to account for all revenues the Southeast Michigan Council of Governments receives. Its revenues are derived from state and federal grants, membership dues and interest.

Southeast Michigan Council of Governments
Management's Discussion and Analysis
Year Ending June 30, 2004

Financial Analysis of Southeast Michigan Council of Governments as a Whole

Summary of Net Assets	2004	2003	Change
Assets			
Current assets	\$ 8,342,410	\$ 7,679,787	\$ 662,623
Capital assets	2,069,251	2,055,219	14,032
Less: Accumulated depreciation	(1,950,014)	(1,863,785)	(86,229)
Total assets	8,461,647	7,871,221	590,426
Liabilities			
Current liabilities	1,033,482	918,300	115,182
Pass-through funds payable	504,666	265,447	239,219
Deferred revenue	570,901	534,662	36,239
Long-term liabilities	200,000	200,000	-
Total liabilities	2,309,049	1,918,409	390,640
Net assets			
Total capital assets	119,237	191,434	(72,197)
Unrestricted	6,033,361	5,761,378	271,983
Total net assets	6,152,598	5,952,812	199,786
Total liabilities and net assets	\$ 8,461,647	\$ 7,871,221	\$ 590,426

As indicated by the statement above, total net assets are \$6,152,598. Net assets can be separated into three categories: net capital assets net of related debt, restricted assets and unrestricted assets.

Net capital assets are a combination of funds available for capital assets, plus capital assets at original cost, less accumulated depreciation and related debt. The original cost of capital assets is \$2,069,251, which is an accumulation of capital assets year after year, less any disposals. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with generally accepted accounting principles (GAAP), depreciation expenses are recorded on the original cost of the asset, less an estimated salvage value, expensed over the estimated useful life of the asset. Total accumulated depreciation is \$1,950,014. The Council has no restricted net assets at June 30, 2004. Of the \$6,033,361 net asset balance, \$3,017,910 is designated to the stabilization fund, \$2,179,216 is committed for 2005 local matching obligations. The remaining \$836,235 is undesignated.

In total net changes for both total assets and total liabilities and net assets for the year was \$590,426. For assets, this change is attributed primarily to increases in pooled investments of \$178,687, and accounts receivables of \$272,126. Fixed assets had a slight increase of \$14,032. For liabilities, accounts payable and pass-through funds payable increased \$327,082 and unrestricted funds increased by the net revenues over expenditures of \$271,983.

Southeast Michigan Council of Governments
Management's Discussion and Analysis
Year Ending June 30, 2004

Results of Operations

	2004	2003	Change
Program revenue			
Membership dues	\$ 2,318,737	\$ 2,361,692	\$ (42,955)
Operating grants - federal, state and other	6,392,932	6,347,050	45,882
Interest and other income	51,961	79,075	(27,114)
In kind and pass-through revenues & match	1,497,918	1,383,362	114,556
General revenue	10,261,548	10,171,179	90,369
Expenses			
MDOT/FHWA Projects	6,908,065	6,981,517	(73,452)
MDOT Services Projects	699,810	510,528	189,282
MDOT Assistance Projects	427,509	542,800	(115,291)
MDNR/EPA Projects	17,240	86,730	(69,490)
FTA Projects	477,153	343,386	133,767
Local/other projects	1,459,788	1,426,967	32,821
Total expenses	9,989,565	9,891,928	97,637
Increase in net assets	\$ 271,983	\$ 279,251	\$ (7,268)

Revenue Comparison

The change in total revenues between 2003 and 2004 was \$90,369. This increase is attributable to the increase in pass-through and In-kind revenues and match. There was a slight increase in federal revenues for the Commuter Rail Study, Membership dues were down due to a membership dues reduction approved by the Finance and Budget Committee. Interest income was down for the year ending 2004, the result of over all lower interest rates.

Expenditures Comparison

MDOT/FHWA Projects

There were less expenses in the current year for FHWA Planning and the FTA Technical Studies Grants.

MDOT Services Projects

The Project Assistance project was added to the services projects category due to a funding source change through MDOT, resulting in additional expenses. Additionally, the Alternative Commuter program had increased expenses.

MDOT Assistance Projects

The Project Assistance project was removed from assistance projects category. Ozone Action and Woodward Heritage projects had less expenses, and there was no Intelligent Transportation System project in the 2004 year.

MDNR/EPA Projects

There was no Land Use Plans project in 2004, and the Southeast Michigan Initiative project had less expenses for the year.

FTA Projects

Increased expenses for the Commuter Rail Study.

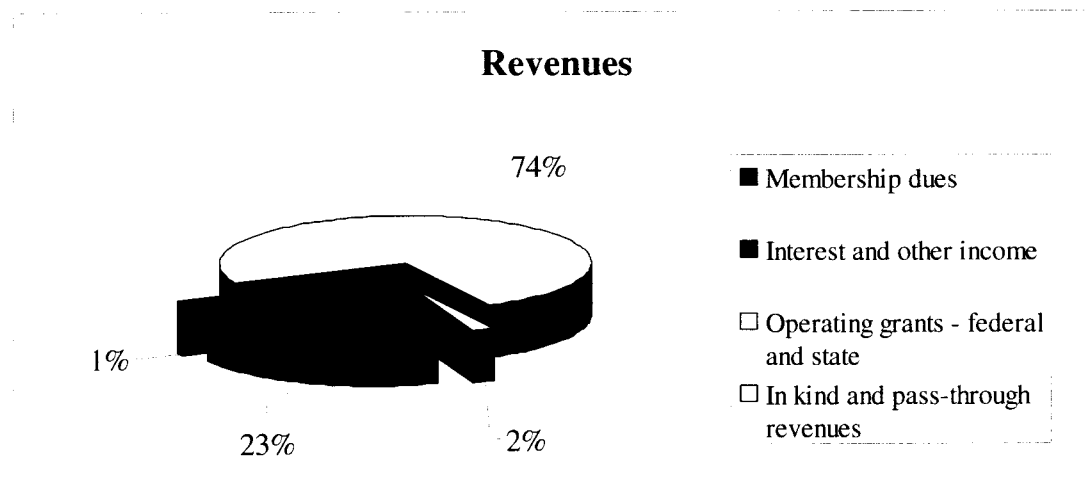
Southeast Michigan Council of Governments **Management's Discussion and Analysis** **Year Ending June 30, 2004**

Local/Other Projects

There were increased expenses in the following projects; The Wayne County Wet Weather Demonstration Rain gauge Network and Metropolitan Affairs coalition.

Revenues

The following chart illustrates the Council's sources of revenues by percentages:



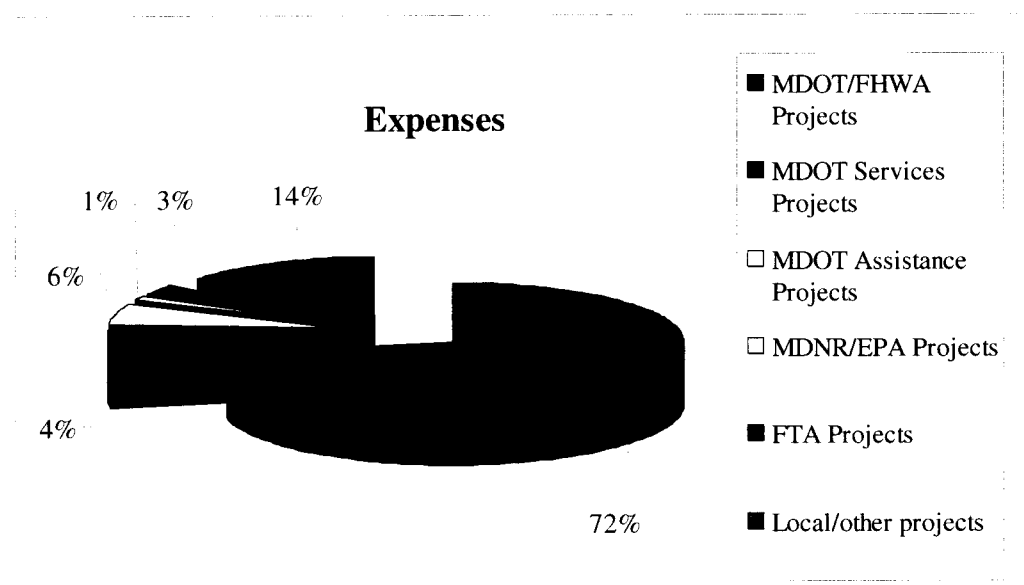
*Revenue chart is based on all Council's funds combined.

	2004	2003	Change
Source of revenues			
Operating grants - federal and state	\$ 6,392,932	\$ 6,347,050	\$ 45,882
Membership dues revenues	2,318,737	2,361,692	(42,955)
In kind and pass-through match	1,497,918	1,383,362	114,556
Interest and other income	51,961	79,075	(27,114)
	<u>\$ 10,261,548</u>	<u>\$ 10,171,179</u>	<u>\$ 90,369</u>

Southeast Michigan Council of Governments **Management's Discussion and Analysis** **Year Ending June 30, 2004**

Expenses

The following chart illustrates the Council's expenses by percentages:



*Expense chart is based on all Council funds combined.

Expenses include operational cost for all SEMCOG's grants, allocated cost for support services, indirect, data processing and fringe benefits.

Direct operational expenses include salaries, contracts, travel, printing, supplies and other costs.

	2004	2003	Change
Source of expenses			
MDOT/FHWA projects	\$ 6,908,065	\$ 6,981,517	\$ (73,452)
MDOT Services projects	699,810	510,528	189,282
MDOT Assistance projects	427,509	542,800	(115,291)
MDNR/EPA projects	17,240	86,730	(69,490)
FTA projects	477,153	343,386	133,767
Local/other projects	1,459,788	1,426,967	32,821
	<u>\$ 9,989,565</u>	<u>\$ 9,891,928</u>	<u>\$ 97,637</u>

Southeast Michigan Council of Governments

Management's Discussion and Analysis

Year Ending June 30, 2004

Capital Assets and Debt Administration

At June 30, 2004, the Council had \$119,237 invested in capital assets of furniture and equipment which consists of \$2,069,252 at book value and \$1,950,014 accumulated depreciation.

	2004	2003
Assets		
Furniture and office equipment	\$ 634,512	\$ 634,512
Computers	1,434,739	1,420,707
	<u>\$ 2,069,251</u>	<u>\$ 2,055,219</u>

This is an increase in capital assets of \$14,032 over last year and includes an upgraded computer system lectern and new computer system servers. Depreciation expense for the year was \$86,229.

Debt

At the end of this year, Southeast Michigan Council of Governments had no outstanding long-term debt.

Economic Factors and Next Year's Budgets and Rates

Again this year SEMCOG is dealing with the same three major factors as last year that could affect budgeting for SEMCOG for the coming year. These factors are reauthorization of SAFTEA (Safe, Accountable, Flexible and Efficient Transportation Equity Act) of 2003, the current State budget cuts, and the reduction of billable membership dues.

SAFTEA accounts for 72% of SEMCOG's Revenues. A delay or adjustment to the reauthorization would have a major impact on SEMCOG's Revenues. With the uncertainty in the State Budget the amount of Transit dollars available to SEMCOG is in question. The reduction of local membership dues has a direct impact on the available dollars SEMCOG has to match State and Federal programs.

Contacting the Council's Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Council's finances and to demonstrate the Council's accountability for the money it receives. If you have any questions about this report or need additional information, contact the Finance Office at the Southeast Michigan Council of Governments, 535 Griswold Avenue, Suite 300, Detroit, Michigan 48226-9844.

**Southeast Michigan Council of Governments
Financial Statements**

Southeast Michigan Council of Governments
Statement of Net Assets
June 30, 2004

Assets

Current assets

Cash and cash investments	\$ 6,313,093
Accounts receivable	1,996,724
Other assets	32,593
Total current assets	<u>8,342,410</u>

Noncurrent assets

Capital assets	2,069,251
Less: Accumulated depreciation	<u>(1,950,014)</u>
Total noncurrent assets	<u>119,237</u>
Total assets	<u>\$ 8,461,647</u>

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 774,148
Accrued payroll and withholdings	764,000
Deferred revenue	570,901
Total current liabilities	<u>2,109,049</u>

Noncurrent liabilities

Due to other governmental agencies	<u>200,000</u>
Total liabilities	<u>2,309,049</u>

Net assets

Capital assets	119,237
Designated for next year's local matching obligations	2,179,216
Designated for stabilization fund	3,017,910
Unrestricted	836,235
Total net assets	<u>6,152,598</u>
Total liabilities and net assets	<u>\$ 8,461,647</u>

Southeast Michigan Council of Governments
Statement of Net Assets
June 30, 2004

Total fund balances - Governmental Funds	\$ 6,033,361
Amounts reported for governmental activities in the statement of net assets are different because	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds	
Cost of capital assets	2,069,251
Accumulated depreciation	<u>(1,950,014)</u>
	<u>119,237</u>
Net assets of governmental activities	<u>\$ 6,152,598</u>

Southeast Michigan Council of Governments
Statement of Activities
Year Ended June 30, 2004

		Program Revenues	Governmental Activities
	Governmental Expenditures	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
Functions/programs			
MDOT/FHWA Projects	\$ 6,908,065	\$ 5,625,859	\$ (1,282,206)
MDOT Services Projects	699,810	697,572	(2,238)
MDOT Assistance Projects	427,509	383,655	(43,854)
MDNR/EPA Projects	17,240	14,859	(2,381)
FTA Projects	477,153	477,153	-
Local/other projects	1,459,788	406,304	(1,053,484)
Total government activities	<u>\$ 9,989,565</u>	<u>\$ 7,605,402</u>	<u>(2,384,163)</u>
General revenues			
Membership dues			2,318,737
In kind and pass-through revenues			285,448
Interest and other income			51,961
Total general revenues			<u>2,656,146</u>
Change in net assets			271,983
Net assets			
Beginning of year			<u>5,761,378</u>
End of year			<u>\$ 6,033,361</u>

Southeast Michigan Council of Governments
Reconciliation of Statement of Revenues, Expenditures
and Change in Fund Balances
Governmental Funds to the Statement of Activities
Year Ended June 30, 2004

Total net change in fund balances - Governmental Funds		\$ 271,983
Amounts reported for governmental activities in the		
Statement of Activities are different because		
Governmental funds reported capital outlays as expenditures		
whereas in the statement of activities, these costs are depreciated		
over their estimated useful lives		
Depreciation expense	(86,230)	
Capital outlays	<u>14,033</u>	
		(72,197)
Amount of depreciation captured in overhead rate		<u>72,197</u>
		<u>\$ 271,983</u>

Southeast Michigan Council of Governments
Balance Sheet – Governmental Fund
June 30, 2004

	<u>Major Fund</u> <u>General Fund</u>
Assets	
Cash	\$ 222,138
Investments	6,090,955
Accounts receivable from	
Federal and state government	1,560,996
Membership contributions	435,728
Prepaid expenses	32,593
Total assets	<u>\$ 8,342,410</u>
Liabilities and Fund Balances	
Accounts payable	\$ 269,538
Pass-through funds payable	504,666
Accrued compensated absences	762,201
Other accrued liabilities	201,742
Deferred revenue	570,902
Total liabilities	<u>2,309,049</u>
Fund balances	
Expenditure stabilization	3,017,910
Designated for next year's local matching obligations	2,179,216
Undesignated	836,235
Total fund balances	<u>6,033,361</u>
Total liabilities and fund balances	<u>\$ 8,342,410</u>

The accompanying notes are an integral part of these financial statements.

Southeast Michigan Council of Governments
General Fund
Statement of Revenues, Expenditures and
Changes in Fund Balance
Year Ended June 30, 2004

Revenues	
Federal grants	\$ 492,012
State-administered federal grants	5,494,613
Federal and state-administered pass-through	1,212,471
Local matching contributions	285,448
Local contributions	2,318,738
Other administered federal	60,800
Other revenues	345,505
Interest and other income	51,961
Total revenues	<u>10,261,548</u>
Expenditures	
Salaries	3,918,958
Fringe benefits	2,114,763
Subcontracts	865,186
Travel	185,514
Supplies	324,640
Other costs	<u>1,082,587</u>
Operating expenditures before pass-through expenditures	8,491,648
Pass-through expenditures	1,212,470
Pass-through match	<u>285,447</u>
Total expenditures	<u>9,989,565</u>
Excess of revenues over expenditures	271,983
Fund balance	
Beginning of year	<u>5,761,378</u>
End of year	<u>\$ 6,033,361</u>

The accompanying notes are an integral part of these financial statements.

Southeast Michigan Council of Governments
General Fund
Combined Statement of Revenues and Expenditures by Funding Source
Year Ended June 30, 2004

	MDOT/ FHWA Projects Total	MDOT Services Projects Total	MDOT Assistance Projects Total	MDNR/ EPA Projects Total	MDOT/ FAA Projects Total	FTA Projects Total	Local/ Other Projects Total	Total (Memorandum Only)	
								2004	2003
Revenues earned									
Federal grants	\$ -	\$ -	\$ -	\$ 14,859	\$ -	\$ 477,153	\$ -	\$ 492,012	\$ 363,173
State administered federal grants	4,517,461	653,770	323,382	-	-	-	-	5,494,613	5,630,867
Federal and state administered pass-through	1,108,397	43,802	60,273	-	-	-	-	1,212,472	1,074,749
State grants	-	-	-	-	-	-	-	-	-
Local matching contributions	261,780	-	23,669	-	-	-	-	285,449	308,614
Local contributions	1,020,428	2,237	20,186	2,381	-	-	1,273,507	2,318,739	2,361,693
Other administered Federal	-	-	-	-	-	-	60,800	60,800	57,639
Other revenues	-	-	-	-	-	-	345,505	345,505	295,371
Interest revenue and miscellaneous revenue	-	-	-	-	-	-	51,961	51,961	79,075
Total revenues earned	6,908,066	699,809	427,510	17,240	-	477,153	1,731,773	10,261,551	10,171,181
Expenditures									
Direct cost									
Salaries	2,009,182	200,942	72,633	2,970	-	-	557,950	2,843,677	2,784,120
Subcontracts	132,890	-	113,647	4,400	-	477,152	93,237	821,326	732,345
Travel	41,734	13,834	4,750	-	-	-	30,055	90,373	102,370
Data processing	260,069	21,578	15,899	3,407	-	-	42,020	342,973	356,183
Supplies	79,037	56,245	13,608	6	-	-	30,237	179,133	148,098
Other costs	59,303	21,097	3,570	914	-	-	8,678	93,562	156,328
Allocated costs									
Fringe benefits	1,071,716	111,621	40,346	1,650	-	-	292,867	1,518,200	1,498,916
Support services	860,238	106,468	35,576	1,461	-	-	192,725	1,196,468	1,232,440
Indirect costs	1,023,721	124,223	43,538	2,432	-	-	274,279	1,468,193	1,514,285
Equipment expenditures, net of depreciation	-	-	-	-	-	-	(62,256)	(62,256)	(16,518)
Operational expenditures	5,537,890	656,008	343,567	17,240	-	477,152	1,459,792	8,491,649	8,508,567
Pass-through expenditures	1,108,396	43,801	60,273	-	-	-	-	1,212,470	1,074,749
Pass-through match	261,780	-	3,826	-	-	-	-	265,606	250,013
In-kind match	-	-	19,843	-	-	-	-	19,843	58,601
Total expenditures	6,908,066	699,809	427,509	17,240	-	477,152	1,459,792	9,989,568	9,891,930
Excess of revenues over expenditures	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ 1	\$ 271,981	\$ 271,983	\$ 279,251

The accompanying notes are an integral part of these financial statements.

Southeast Michigan Council of Governments
Statement of Net Assets
Fiduciary Fund
Year Ended June 30, 2004

	Pension Trust Fund	
	Defined Contribution Plan	
	2004	2003
Assets		
Investments	<u>\$ 1,885,634</u>	<u>\$ 1,519,565</u>
Net assets available for Plan benefits	<u>\$ 1,885,634</u>	<u>\$ 1,519,565</u>

The accompanying notes are an integral part of these financial statements.

Southeast Michigan Council of Governments
Pension Trust Fund, Defined Contribution Plan
Statement of Revenues, Expenditures and Changes in Net Assets
Year Ended June 30, 2004

	2004	2003
Revenues		
Contributions	\$ 135,105	\$ 125,671
Investment income	<u>246,525</u>	<u>(50,001)</u>
Total revenues	381,630	75,670
Expenditures, benefit payments and withdrawals	<u>15,561</u>	<u>194,315</u>
Excess of revenues and income over expenditures	366,069	(118,645)
Net assets available for plan benefits		
Beginning of year	<u>1,519,565</u>	<u>1,638,210</u>
End of year	<u>\$ 1,885,634</u>	<u>\$ 1,519,565</u>

The accompanying notes are an integral part of these financial statements.

Southeast Michigan Council of Governments

Notes to Financial Statements

June 30, 2004

1. Accounting Policies

The Southeast Michigan Council of Governments (the "Council") is a voluntary association of various counties, cities, townships, villages and school districts within the seven-county area of Southeast Michigan. The Council was organized in 1968 as an overall organization for coordinating and implementing various area-wide planning functions. The operations of the Council are financed primarily by federal and state grants and membership contributions. The Council does not have the power to levy taxes or issue credit instruments and, accordingly, the extent of its operations is dependent upon the amount of voluntary membership contributions received which can be used for local matching shares of grant participation programs. The accounts of the Council are maintained and reported on the modified accrual basis. The Council follows Generally Accepted Accounting Principles as prescribed by the Government Accounting Standards Board and all applicable Financial Accounting Standards Board Statements.

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in capital assets, net of related long-term debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets. At June 30, 2004 the Council had no outstanding long-term debt.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributions, and the like, or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by the finance and budget committee, but can be removed or modified.

The basic financial statements include both government-wide (based on the Council as a whole) and fund financial statements. While the previous financial reporting model emphasized fund types (the total of all funds of a particular type), in the new financial reporting model, the focus is on either the Council as a whole, or major individual funds (within the fund financial statements). Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. The Council has no business-type activities. In the government-wide Statement of Net Assets, both the governmental and business-type activities columns: (a) are presented on a consolidated basis by column, and (b) are reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

Southeast Michigan Council of Governments

Notes to Financial Statements

June 30, 2004

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

GASB 34 Accounting Entry-Wide Financials

The entry-wide statements are new and provide a perspective of the Council as a whole. These statements use the full accrual basis method of accounting similar to private sector companies. There are two Entity wide statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets, for the first time, combines and consolidates governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

Consistent with the full accrual method of accounting the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid.

GASB 34 Fund Financial Statements

The fund statements are similar to financial presentations of years past, but the new focus is on the Council's Major Funds rather than fund types as in the past. The two Account Groups: General Fixed Assets and General Long Term Debt reported previously are no longer reported. Consistent with past years, the fund statements are reported using the modified accrual method of accounting. Under this basis of accounting, revenues are recorded when received except where they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period that goods and services are used in the Council's programs. In addition, capital asset purchases are expensed and not recorded as an asset. Debt payments are recorded as expenditures in the current year and future debt obligations are not recorded.

GASB 34 Fiduciary Funds

These funds account for assets held by the Council in a trustee capacity or as an agent. The only fund held by the council is the Employee Defined Contribution Plan net assets.

Fund Accounting

The accounts of the Council are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The various funds are grouped in the financial statements into generic fund types and broad fund categories, as follows:

Governmental Funds

The acquisition and use of available spendable resources during the year and balances of the Council's available spendable financial resources as the end of the year are measured in governmental funds. The governmental fund measurement focus is on determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than on net income determination. The Council's governmental funds consist of the following:

Southeast Michigan Council of Governments
Notes to Financial Statements
June 30, 2004

General Fund

The General Fund is used to account for the general operations of the Council and activities associated with state and federal grants.

Fiduciary Funds

The Fiduciary Fund type includes the Pension Trust Fund to account for assets held in the Council's Section 401(a) noncontributory defined contribution employee benefit plan (Note 5).

Revenue Recognition

Revenues are recognized as earned from grantor agencies when the related expenditures are incurred. Expenditures incurred are accounted for in accordance with the Office of Management and Budget Circular A-133. Direct and indirect costs are billed to grantor agencies at actual cost.

Membership contributions are recognized as revenue ratably over the membership year. Deferred revenues are recognized for the unearned portion of the membership contributions received.

Retirement System Contributions

The Council is a participant in the Michigan Municipal Employees Retirement System which covers all full-time employees and classified long-term tenured part-time employees of the Council. The Council's policy is to maintain funding for the cost of employees' retirement benefits accrued. The cost of retirement benefits is determined annually on an actuarial basis.

Budgetary Data

The Council prepares its operating budget on the same basis of accounting as actual results are accounted for.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's estimates.

2. Cash and Investments

Cash

At year-end, the carrying amount of the Council's cash was \$222,138, while the bank balance was \$223,630, the difference is due primarily to outstanding checks. The entire bank balance was covered by federal depository insurance.

Southeast Michigan Council of Governments
Notes to Financial Statements
June 30, 2004

Investments

The Council has a certificate of deposit and pooled cash investment accounts with a bank at June 30, 2004. The certificate of deposit is insured up to \$100,000 and held in the Council's name. The pooled cash investment accounts are not given risk categorization since they are not defined as securities for purposes of risk categorization. In accordance with Government Auditing Standards Board Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all of the Council's investments are stated at fair value.

Investments	Interest Rate	Market Value
General Fund		
Certificate of deposit	2.2%	\$ 529,035
Pooled cash investment account, bank	Variable	5,561,920
Total General Fund		6,090,955
Pension Trust Fund, pooled cash investment accounts, bank	Variable	1,885,634
Total		<u>\$ 7,976,589</u>

3. Municipal Employees Retirement System of Michigan

Plan Description

The Council contributes to the Municipal Employees Retirement System of Michigan ("MERS"), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for various municipalities and other governmental units throughout the State of Michigan. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the System at 447 North Canal Road, Lansing, Michigan 48917.

All full-time employees are eligible to participate in MERS. Benefits vest after eight years of service. Council employees who retire at or after attaining the age of 60 with ten years of credited service or at the age of 55 with 15 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to their average annual compensation for the last three highest consecutive years of employment times an entitled benefit percentage of 2-1/4 percent for each year of credited service. MERS also provides death and disability benefits. All current retirees are also covered under Benefit Plan E, which provides for a one-time adjustment of up to 2% of benefits in recognition of increased living costs.

Council employees do not make contributions to MERS, as it is the Council's sole responsibility to fund this plan.

Funding Status and Progress

The annual required contribution and net pension obligation is computed as part of an actuarial valuation performed as of December 31, 2003.

The actuarial accrued liability represents the difference between the present value of all future benefits and the present value of future normal costs.

Southeast Michigan Council of Governments
Notes to Financial Statements
June 30, 2004

The net rate of investment yield is comprised of imputed income at the valuation interest rate, plus a write-up (down). This write-up (down) reflects 20% of the actual investment return (including interest, dividends and both realized and unrealized gains or losses, less administrative expenses) in excess of (less than) this assumption, over each year during the current year and the subsequent four-year period.

For the 2003 actuarial valuation of MERS, the long-term net investment yield rate is assumed to be 8%. During 2003, the approximate net investment yield rate on average total assets at actuarial value (determined as (i) investment income net of expenses, divided by (ii) the average actuarial value of assets during the year) was 8%. The corresponding amount in 2002 was 3.43%.

Because MERS benefits are based on a member's final average compensation, it is necessary to make an assumption with respect to the salary increase for the council's employees. The salary increase assumption used in this actuarial valuation projects annual salary increases of 4.5%.

At December 31, 2003, the actuarial accrued liability was determined as follows:

Retirees and beneficiaries currently receiving benefits	\$ 5,436,900
Terminated employees not yet receiving benefits	1,401,069
Current employees	
Accumulated employee contributions	43,924
Employer financed	<u>9,982,625</u>
Total actuarial accrued liability	16,864,518
Net assets available for plan benefits, at actuarial value (market value is \$16,650,357)	<u>21,948,980</u>
Excess net assets over actuarial accrued liability	<u>\$ 5,084,462</u>

Actuarially Determined Contribution Requirements and Contribution Made

MERS' funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the year ended June 30, 2004 were determined using the entry age normal cost method.

During the fiscal year ended June 30, 2004, no employer contributions were made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2003.

In accordance with actuarially determined requirements, no contributions to the plan for the five fiscal years ended June 30, 2000, 2001, 2002, 2003 and 2004 were required.

4. Pension Trust Fund/Defined Contribution Plan

In addition to the retirement benefits provided under the MERS plan, in 1987, the Council established a defined contribution plan. In a defined contribution plan, retirement benefits depend solely on amounts contributed to the plan plus investment earnings. The Council's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. The Council makes contributions on the behalf of every full time employee as of the anniversary date of their hire.

Southeast Michigan Council of Governments
Notes to Financial Statements
June 30, 2004

In accordance with the plan agreement, the Council made quarterly 2004 contributions to the plan of 3.5% of total payroll. The Council's total payroll in fiscal year 2004 was approximately \$3.9 million. The contributions to the plan for the year ended June 30, 2004 were \$132,928.

5. Deferred Compensation Plan

The Council offers its employees a deferred compensation plan operated in accordance with Internal Revenue Code Section 457. The plan, available to full-time employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

6. Lease Commitments

The Council rents its office facilities under a seven year operating lease which expires in 2007. The council has two renewal options to extend the lease. The first is for an additional three years at market rate and the second option is for an additional 5 years at market rate. Minimum rental commitments for all noncancellable leases extending beyond one year are as follows:

Year Ending June 30

2005	\$	749,938
2006		774,756
2007		507,374
Total	\$	<u>2,032,068</u>

Rental expenditures for the year ended June 30, 2004 were \$696,378 and \$65,627 for the office facilities and equipment, respectively.

7. Deferred Revenues

Deferred revenues consist of the following:

	2004	2003
Unexpired portion of membership and DMA dues	\$ 391,195	\$ 403,205
Unexpended contributions from Urban Airshed Project, Water Quality Survey and Rain Gauge	179,707	131,457
Advance by Michigan Department of Transportation	-	200,000
	<u>\$ 570,902</u>	<u>\$ 734,662</u>

8. Commitments for Expenditures from Local Source Revenues

At June 30, 2004, the Council is committed to provide \$2,179,216 during fiscal year 2005 as its local matching share for existing grant participation programs. This amount has been designated in the June 30, 2004 General Fund balance.

Southeast Michigan Council of Governments
Notes to Financial Statements
June 30, 2004

9. Pass-Through Funds

Grant revenues and expenditures include funds aggregating \$1,212,471, passed through the Council from the Federal Transit Administration and the Federal Highway Administration to subrecipient agencies in 2004. As required under the agreements with grantor agencies, the recipient agencies contributed local matching funds aggregating \$285,448.

The costs incurred under these grants are subject to the final closing adjustments of the subrecipient agencies' costs which, if any, should not materially affect the Council's future financial position or results of operations. Pass-through funds payable of \$479,239 and \$265,447 at June 30, 2004 and 2003, respectively, represent amounts billed to the Council from the various subrecipient governmental agencies but not paid as of that date.

10. Local Contracts and Local Projects

Local contracts consist principally of contractual arrangements with various parties which utilize the Council's services on a cost-reimbursement basis.

Local projects consist of locally funded activities such as the Community and Economic Development Program, Environmental Planning and Technical Assistance. Interest income and membership contributions earned during the year and not used for matching purposes are included in local projects.

**Southeast Michigan Council of Governments
Required Supplemental Financial Data
General Fund Budget
Comparison Schedule**

Southeast Michigan Council of Governments
General Fund
Budgetary Comparison Schedule
June 30, 2004

	Actual	Original and Final Budget	Actual Over (Under) Budget
Revenues			
Federal grants	\$ 492,012	\$ 526,903	\$ 34,891
State-administered federal grants	5,494,613	6,673,035	1,178,422
Federal and state-administered pass-through	1,497,919	1,472,715	(25,204)
Local contributions	2,318,738	2,329,217	10,479
Other administered federal	60,800	66,938	6,138
Other revenues	345,505	308,163	(37,342)
Interest and other income	51,961	135,000	83,039
Total revenues	<u>10,261,548</u>	<u>11,511,971</u>	<u>1,250,423</u>
Expenditures			
Salaries	3,918,958	4,195,146	276,188
Contracts	865,186	1,851,000	985,814
Travel	185,514	271,667	86,153
Supplies	324,640	416,650	92,010
Other expenses	1,064,348	1,281,610	217,262
Meeting expenses	72,170	-	(72,170)
Meeting revenue	(16,894)	-	16,894
Expend offset	(37,037)	-	37,037
Fringe benefits	<u>2,114,763</u>	<u>2,023,183</u>	<u>(91,580)</u>
Operating expenditures before pass-through expenditures	8,491,648	10,039,256	1,547,608
Pass-through expenditures	1,212,470	1,190,127	(22,343)
Pass-through match	<u>285,447</u>	<u>282,588</u>	<u>(2,859)</u>
Total expenditures	<u>9,989,565</u>	<u>11,511,971</u>	<u>1,522,406</u>
Excess of revenues over expenditures	271,983	-	(271,983)
Fund balance			
Beginning of year	<u>5,761,378</u>	<u>5,761,378</u>	<u>-</u>
End of year	<u>\$ 6,033,361</u>	<u>\$ 5,761,378</u>	<u>\$ (271,983)</u>

**Southeast Michigan Council of Governments
Supplemental Financial Data**

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures by Funding Source –
Federal Highway Administration and Federal Transit Administration Grants through
Michigan Department of Transportation
Year Ended June 30, 2004

	F03 FHWA 112 Detroit UZA UWP 03-04 2003-0009 73329	F03A FHWA 112 Ann Arbor UZA UWP 03-04 2003-0009 73337	F03M FHWA 112 Toi/Monroe UZA UWP 03-04 2003-0009 73335	F03S FHWA 112 Port Huron UZA UWP 03-04 2003-0009 73332	U03 FTA SEC 8 MI-80-2009 UWP 03-04 2003-0009 58929	Total
Grantor funding percentage	81.85%	81.85%	81.85%	81.85%	80.00%	
Revenues earned						
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered federal grants	-	53,469	26,850	76,272	24,151	180,742
State grants	-	-	-	-	-	-
Local (SEMCOG)	-	-	-	-	1	1
Local matching contributions	-	11,856	5,954	16,913	6,184	40,907
Other administered Federal grants	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
In-kind revenue	-	-	-	-	-	-
Total revenues earned	\$ -	\$ 65,325	\$ 32,804	\$ 93,185	\$ 30,336	\$ 221,650
Expenditures						
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subcontracts	-	-	-	-	-	-
Travel	-	-	-	-	-	-
Data processing	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other costs	-	-	-	-	-	-
Fringe benefits	-	-	-	-	-	-
Support services	-	-	-	-	-	-
Indirect costs	-	-	-	-	-	-
Operational expenditures	-	-	-	-	-	-
Pass-through expenditures	-	53,469	26,850	76,272	24,152	180,743
Pass-through match	-	11,856	5,954	16,913	6,184	40,907
In-kind match	-	-	-	-	-	-
Total expenditures	\$ -	\$ 65,325	\$ 32,804	\$ 93,185	\$ 30,336	\$ 221,650
Accounts receivable at July 1, 2003	\$ 691,345	\$ 16,785	\$ 14,014	\$ 85,098	\$ 245,986	\$ 1,053,228
Federal and state share of expended funds	-	53,469	26,850	76,272	24,151	180,742
Cash received FY 2004	691,345	70,254	40,864	161,370	270,137	1,233,970
Adjustments	-	-	-	-	-	-
Accounts receivable at June 30, 2004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Southeast Michigan Council of Governments
By Funding Source – Federal Highway Administration and Federal
Transit Administration Grants through Michigan Department of Transportation
Pass through Expenses/Match
Year Ended June 30, 2004

	F03 FHWA 112 Detroit UZA UWP 02-03 2003-0009 73329	F03A FHWA 112 Ann Arbor UZA UWP 02-03 2003-0009 73337	F03M FHWA 112 Tol/Monroe UZA UWP 02-03 2003-0009 73335	F03S FHWA 112 Port Huron UZA UWP 02-03 2003-0009 73332	U03 FTA SEC 8 MI-80-2009 UWP 02-03 2003-0009 58929	Total
Smart - payable	\$ -	\$ -	\$ -	\$ -	\$ 23,083	\$ 23,083
Aata - payable	-	-	-	-	-	-
Aayuats - payable	-	53,468	-	-	1,070	54,538
Scots - payable	-	-	-	76,272	-	76,272
Ddot - payable	-	-	-	-	-	-
Tmacog - payable	-	-	26,849	-	-	26,849
Pass-thru payable total	-	53,468	26,849	76,272	24,153	180,742
Smart - pass-through match	-	-	-	-	5,917	5,917
Aata - pass-through match	-	-	-	-	-	-
Aayuats - pass-through match	-	11,856	-	-	267	12,123
Scots - pass-through match	-	-	-	16,913	-	16,913
Ddot - pass-through match	-	-	-	-	-	-
Tmacog - pass-through match	-	-	5,954	-	-	5,954
pass-through match total	-	11,856	5,954	16,913	6,184	40,907
Total	\$ -	\$ 65,324	\$ 32,803	\$ 93,185	\$ 30,337	\$ 221,649

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures – By Funding Source –
Federal Highway Administration and Federal Transit Administration
Grants through Michigan Department of Transportation
From Project Inception Through June 30, 2004

	F03 FHWA 112 Detroit UZA UWP 03-04 2003-0009 73329	F03A FHWA 112 Ann Arbor UZA UWP 03-04 2003-0009 73337	F03M FHWA 112 Tol/Monroe UZA UWP 03-04 2003-0009 73335	F03S FHWA 112 Port Huron UZA UWP 03-04 2003-0009 73332	U03 FTA SEC 8 MI-80-2009 UWP 03-04 2003-0009 58929	Total
Grantor award total	\$ 5,812,504	\$ 356,902	\$ 99,075	\$ 305,087	\$ 1,676,124	
Revenues earned						
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered federal grants	4,068,300	225,928	70,512	161,370	1,238,618	5,764,728
State grants	-	-	-	-	-	-
Local (SEMCOG)	902,134	-	1,175	-	144,340	1,047,649
Local matching contributions	-	50,099	14,460	35,783	165,461	265,803
Other administered federal grants	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
In-kind revenue	-	-	-	-	-	-
Total revenues earned	\$ 4,970,434	\$ 276,027	\$ 86,147	\$ 197,153	\$ 1,548,419	\$ 7,078,180
Expenditures						
Salaries	\$ 1,737,035	\$ -	\$ 2,560	\$ -	\$ 248,790	\$ 1,988,385
Subcontracts	94,993	-	-	-	39,832	134,825
Travel	57,853	-	-	-	4,205	62,058
Data processing	249,830	-	-	-	32,285	282,115
Supplies	60,786	-	-	-	8,940	69,726
Other costs	117,933	-	65	-	8,068	126,066
Fringe benefits	920,768	-	1,480	-	136,887	1,059,135
Support services	785,824	-	1,115	-	110,471	897,410
Indirect costs	945,412	-	1,256	-	132,223	1,078,891
Operational expenditures	4,970,434	-	6,476	-	721,701	5,698,611
Pass-through expenditures	-	225,928	65,211	161,370	661,257	1,113,766
Pass-through match	-	50,099	14,460	35,783	165,461	265,803
In-kind match	-	-	-	-	-	-
Total expenditures	\$ 4,970,434	\$ 276,027	\$ 86,147	\$ 197,153	\$ 1,548,419	\$ 7,078,180
Federal and state share of expended funds	\$ 4,068,300	\$ 225,928	\$ 70,512	\$ 161,370	\$ 1,238,618	\$ 5,764,728
Cash received	4,068,300	225,928	70,512	161,370	1,238,618	5,764,728
Adjustments	-	-	-	-	-	-
Accounts receivable at June 30, 2004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Southeast Michigan Council of Governments
By Funding Source – Federal Highway Administration and Federal Transit
Administration Grants through Michigan Department of Transportation
Pass through Expenses/Match
From Project Inception through June 30, 2004

	F03 FHWA 112 Detroit UZA UWP 02-03 2003-0009 73329	F03A FHWA 112 Ann Arbor UZA UWP 02-03 2003-0009 73337	F03M FHWA 112 Tol/Monroe UZA UWP 02-03 2003-0009 73335	F03S FHWA 112 Port Huron UZA UWP 02-03 2003-0009 73332	U03 FTA SEC 8 MI-80-2009 UWP 02-03 2003-0009 58929	Total
Smart - payable	\$ -	\$ -	\$ -	\$ -	\$ 299,500	\$ 299,500
Aata - payable	-	-	-	-	49,440	49,440
Aayuats - payable	-	225,928	-	-	12,817	238,745
Scots - payable	-	-	-	161,370	-	161,370
Ddot - payable	-	-	-	-	299,500	299,500
Tmacog - payable	-	-	65,211	-	-	65,211
Pass-thru payable total	-	225,928	65,211	161,370	661,257	1,113,766
Smart - pass-through match	-	-	-	-	75,022	75,022
Aata - pass-through match	-	-	-	-	12,360	12,360
Aayuats - pass-through match	-	50,099	-	-	3,204	53,303
Scots - pass-through match	-	-	-	35,783	-	35,783
Ddot - pass-through match	-	-	-	-	74,875	74,875
Tmacog - pass-through match	-	-	14,460	-	-	14,460
pass-through match total	-	50,099	14,460	35,783	165,461	265,803
Total	\$ -	\$ 276,027	\$ 79,671	\$ 197,153	\$ 826,718	\$ 1,379,569

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures by Funding Source –
Federal Highway Administration and Federal Transit Administration Grants
Through Michigan Department of Transportation
Year Ended June 30, 2004

	F04 FHWA 112 Detroit UZA UWP 03-04 2003-0009 75917	F04A FHWA 112 Ann Arbor UZA UWP 03-04 2003-0009 75918	F04M FHWA 112 To/ Monroe UZA UWP 03-04 2003-0009 75919	F04S FHWA 112 Port Huron UZA UWP 03-04 2003-0009 75920	U04 FTA SEC 8 MI-80-2009 UWP 03-04 2003-0009 75192	Total
Grantor funding percentage	81.85%	81.85%	81.85%	81.85%	80.00%	
Revenues earned						
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered federal grants	3,853,102	202,746	46,659	144,147	1,198,464	5,445,118
State grants	-	-	-	-	-	-
Local (SEMCOG)	854,414	-	591	-	165,422	1,020,427
Local matching contributions	-	44,958	9,755	31,964	134,194	220,871
Other administered federal grants	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
In-kind revenue	-	-	-	-	-	-
Total revenues earned	\$ 4,707,516	\$ 247,704	\$ 57,005	\$ 176,111	\$ 1,498,080	\$ 6,686,416
Expenditures						
Salaries	\$ 1,707,752	\$ -	\$ 1,341	\$ -	\$ 300,088	\$ 2,009,181
Subcontracts	118,969	-	-	-	13,921	132,890
Travel	37,255	-	-	-	4,479	41,734
Data processing	217,092	-	-	-	42,977	260,069
Supplies	67,647	-	3	-	11,386	79,036
Other costs	49,580	-	-	-	9,724	59,304
Fringe benefits	909,099	-	745	-	161,872	1,071,716
Support services	731,053	-	551	-	128,634	860,238
Indirect costs	869,069	-	617	-	154,035	1,023,721
Operational expenditures	4,707,516	-	3,257	-	827,116	5,537,889
Pass-through expenditures	-	202,746	43,993	144,147	536,770	927,656
Pass-through match	-	44,958	9,755	31,964	134,194	220,871
In-kind match	-	-	-	-	-	-
Total expenditures	\$ 4,707,516	\$ 247,704	\$ 57,005	\$ 176,111	\$ 1,498,080	\$ 6,686,416
Accounts receivable at July 1, 2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal and state share of expended funds	3,853,102	202,746	46,659	144,147	1,198,464	5,445,118
Cash received FY 2003	3,304,364	114,052	45,621	111,834	607,635	4,183,506
Adjustments	-	-	-	-	-	-
Accounts receivable at June 30, 2004	\$ 548,738	\$ 88,694	\$ 1,038	\$ 32,313	\$ 590,829	\$ 1,261,612

Southeast Michigan Council of Governments
By Funding Source – Federal Highway Administration and Federal
Transit Administration Grants through Michigan Department of Transportation
Pass through Expenses/Match
Year Ended June 30, 2004

	F04 FHWA 112 Detroit UZA UWP 03-04 2003-0009 75917	F04A FHWA 112 Ann Arbor UZA UWP 03-04 2003-0009 75916	F04M FHWA 112 Tol/Monroe UZA UWP 03-04 2003-0009 75919	F04S FHWA 112 Port Huron UZA UWP 03-04 2003-0009 75920	U04 FTA SEC 8 MI-80-2009 UWP 03-04 2003-0009 75192	Total
Smart - payable	\$ -	\$ -	\$ -	\$ -	\$ 279,528	\$ 279,528
Aata - payable	-	-	-	-	49,440	49,440
Aayuats - payable	-	202,746	-	-	11,747	214,493
Sccots - payable	-	-	-	144,147	-	144,147
Ddot - payable	-	-	-	-	196,054	196,054
Tmacog - payable	-	-	43,993	-	-	43,993
Pass-thru payable total	-	202,746	43,993	144,147	536,769	927,655
Smart - pass-through match	-	-	-	-	69,884	69,884
Aata - pass-through match	-	-	-	-	12,360	12,360
Aayuats - pass-through match	-	44,958	-	-	2,937	47,895
Sccots - pass-through match	-	-	-	31,964	-	31,964
Ddot - pass-through match	-	-	-	-	49,014	49,014
Tmacog - pass-through match	-	-	9,755	-	-	9,755
pass-through match total	-	44,958	9,755	31,964	134,195	220,872
Total	\$ -	\$ 247,704	\$ 53,748	\$ 176,111	\$ 670,964	\$ 1,148,527

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures By Funding Source –
Federal Highway Administration and Federal Transit Administration Grants
Through Michigan Department of Transportation
From Project Inception Through June 30, 2004

	F04 FHWA 112 Detroit UZA UWP 03-04 2003-0009 75917	F04A FHWA 112 Ann Arbor UZA UWP 03-04 2003-0009 75916	F04M FHWA 112 Tol/Monroe UZA UWP 03-04 2003-0009 75919	F04S FHWA 112 Port Huron UZA UWP 03-04 2003-0009 75920	U04 FTA SEC 8 MI-80-2009 UWP 03-04 2003-0009 75192	Total
Grant award total	6,078,206	361,981	91,336	213,901	1,671,826	
Revenues earned						
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered federal grants	3,853,102	202,746	46,659	144,147	1,198,464	5,445,118
State grants	-	-	-	-	-	-
Local (SEMCOG)	854,414	-	591	-	165,422	1,020,427
Local matching contributions	-	44,958	9,755	31,964	134,194	220,871
Other administered federal grants	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
In-kind revenue	-	-	-	-	-	-
Total revenues earned	<u>\$ 4,707,516</u>	<u>\$ 247,704</u>	<u>\$ 57,005</u>	<u>\$ 176,111</u>	<u>\$ 1,498,080</u>	<u>\$ 6,686,416</u>
Expenditures						
Salaries	1,707,752	-	1,341	-	300,089	2,009,182
Subcontracts	118,969	-	-	-	13,921	132,890
Travel	37,255	-	-	-	4,478	41,733
Data processing	217,092	-	-	-	42,977	260,069
Supplies	67,647	-	3	-	11,386	79,036
Other costs	49,579	-	-	-	9,724	59,303
Fringe benefits	909,099	-	745	-	161,872	1,071,716
Support services	731,053	-	551	-	128,634	860,238
Indirect costs	869,070	-	617	-	154,035	1,023,722
Operational expenditures	<u>4,707,516</u>	<u>-</u>	<u>3,257</u>	<u>-</u>	<u>827,116</u>	<u>5,537,889</u>
Pass-through expenditures	-	202,746	43,993	144,147	536,770	927,656
Pass-through match	-	44,958	9,755	31,964	134,194	220,871
In-kind match	-	-	-	-	-	-
Total expenditures	<u>\$ 4,707,516</u>	<u>\$ 247,704</u>	<u>\$ 57,005</u>	<u>\$ 176,111</u>	<u>\$ 1,498,080</u>	<u>\$ 6,686,416</u>
Federal and state share of expended funds	\$ 3,853,102	\$ 202,746	\$ 46,659	\$ 144,147	\$ 1,198,464	\$ 5,445,118
Cash received	3,304,364	114,052	45,621	111,834	607,635	4,183,506
Adjustments	-	-	-	-	-	-
Accounts receivable at June 30, 2004	<u>\$ 548,738</u>	<u>\$ 88,694</u>	<u>\$ 1,038</u>	<u>\$ 32,313</u>	<u>\$ 590,829</u>	<u>\$ 1,261,612</u>

Southeast Michigan Council of Governments

**By Funding Source – Federal Highway Administration and Federal Transit Administration
Grants through Michigan Department of Transportation Pass through Expenses/Matches
From Project Inception Through June 30, 2004**

	F04 FHWA 112 Detroit UZA UWP 03-04 2003-0009 75917	F04A FHWA 112 Ann Arbor UZA UWP 03-04 2003-0009 75916	F04M FHWA 112 Tol/Monroe UZA UWP 03-04 2003-0009 75919	F04S FHWA 112 Port Huron UZA UWP 03-04 2003-0009 75920	U04 FTA SEC 8 MI-80-2009 UWP 03-04 2003-0009 75192	Total
Smart - payable	\$ -	\$ -	\$ -	\$ -	\$ 279,528	\$ 279,528
Aata - payable	-	-	-	-	49,440	49,440
Aayuats - payable	-	202,746	-	-	11,747	214,493
Sccots - payable	-	-	-	144,147	-	144,147
Ddot - payable	-	-	-	-	196,054	196,054
Tmacog - payable	-	-	43,993	-	-	43,993
Pass-thru payable total	-	202,746	43,993	144,147	536,769	927,655
Smart - pass-through match	-	-	-	-	69,884	69,884
Aata - pass-through match	-	-	-	-	12,360	12,360
Aayuats - pass-through match	-	44,958	-	-	2,937	47,895
Sccots - pass-through match	-	-	-	31,964	-	31,964
Ddot - pass-through match	-	-	-	-	49,014	49,014
Tmacog - pass-through match	-	-	9,755	-	-	9,755
pass-through match total	-	44,958	9,755	31,964	134,195	220,872
Total	\$ -	\$ 247,704	\$ 53,748	\$ 176,111	\$ 670,964	\$ 1,148,527

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures by Funding Source –
Michigan Department of Transportation - Service
Year Ended June 30, 2004

	CM03 Contract Management 2003-0009 73138	PC04 Planning Coordination 2003-0009 77025	PSC3 Project Status Coordination 2003-0009 73136	RS03 Ridesharing CMAQ 2002-0530 55156	RS04 Ridesharing CMAQ 2003-0323 72264	RSS4 Ridesharing (SMART Portion) 2003-0325 59118	TIA3 Mature Driving Workshop 2003-0009 73236	TIA4 Mature Driving Workshop 2003-0009-Z29 75789	Total
Grantor funding percentage	100%	100%	100%	100%	100%	100%	100%	100%	
Revenues earned									
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered federal grants	9,244	224,116	29,934	-	295,976	94,500	1,643	42,159	697,572
State grants	-	-	-	-	-	-	-	-	-
Local (SEMCOG)	567	-	576	-	-	1,094	-	-	2,237
Local matching contributions	-	-	-	-	-	-	-	-	-
Other administered Federal grants	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-	-
Total revenues earned	\$ 9,811	\$ 224,116	\$ 30,510	\$ -	\$ 295,976	\$ 95,594	\$ 1,643	\$ 42,159	\$ 699,810
Expenditures									
Salaries	\$ 2,888	\$ 81,738	\$ 12,004	\$ -	\$ 78,165	\$ 26,147	\$ -	\$ -	\$ 200,942
Subcontracts	-	-	-	-	-	-	-	-	-
Travel	-	499	-	-	9,196	4,138	-	-	13,834
Data processing	2,271	18,171	1,136	-	-	-	-	-	21,578
Supplies	4	727	-	-	48,292	7,221	-	-	56,245
Other costs	-	1,017	-	-	10,788	9,291	-	-	21,097
Fringe benefits	1,604	45,405	6,668	-	43,420	14,524	-	-	111,621
Support services	1,186	34,120	4,924	-	50,068	16,171	-	-	106,468
Indirect costs	1,858	42,439	5,777	-	56,047	18,102	-	-	124,223
Operational expenditures	9,811	224,116	30,510	-	295,976	95,594	-	-	656,008
Pass-through expenditures	-	-	-	-	-	-	1,643	42,159	43,802
Pass-through match	-	-	-	-	-	-	-	-	-
Total expenditures	\$ 9,811	\$ 224,116	\$ 30,510	\$ -	\$ 295,976	\$ 95,594	\$ 1,643	\$ 42,159	\$ 699,810
Accounts receivable at July 1, 2002	\$ 6,509	\$ -	\$ 12,835	\$ 106,017	\$ -	\$ -	\$ 21,201	\$ -	\$ 146,563
Federal and state share of expended funds	9,244	224,116	29,934	-	295,976	94,500	1,643	42,159	697,572
Cash received FY 2003	15,753	210,153	42,769	106,017	220,930	94,500	22,845	-	712,966
Adjustments	-	-	-	-	-	-	-	-	-
Accounts receivable at June 30, 2003	\$ -	\$ 13,964	\$ -	\$ -	\$ 75,046	\$ -	\$ -	\$ 42,159	\$ 131,168

Southeast Michigan Council of Governments
By Funding Source –Michigan Department of Transportation – Service
Pass through Expenses/Match
Year Ended June 30, 2004

	CM03 Contract Management 2003-0009 73138	PC04 Planning Coordination 2003-0009 77025	PSC3 Project Status Coordination 2003-0009 73136	RS03 Ridesharing CMAQ 2002-0530 55156	RS04 Ridesharing CMAQ 2003-0323 72264	RSS4 Ridesharing (SMART Portion) 2003-0325 59118	TIA3 Mature Driving Workshop 2003-0009 73236	TIA4 Mature Driving Workshop 2003-0009-Z29 75789	Total
TIA - payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,643	\$ 42,159	\$ 43,802
TIA(I75) - payable	-	-	-	-	-	-	-	-	0.00
AAA - payable	-	-	-	-	-	-	-	-	0.00
Aayuats - payable	-	-	-	-	-	-	-	-	0.00
8 Mile Blvd. Assn. - payable	-	-	-	-	-	-	-	-	0.00
	-	-	-	-	-	-	1,643	42,159	43,802
TIA - pass-through match	-	-	-	-	-	-	-	-	0.00
TIA(I75) - pass-through match	-	-	-	-	-	-	-	-	0.00
AAA - pass-through match	-	-	-	-	-	-	-	-	0.00
Aayuats - pass-through match	-	-	-	-	-	-	-	-	0.00
8 Mile Blvd. Assn. - pass-through match	-	-	-	-	-	-	-	-	0.00
pass-through match total	-	-	-	-	-	-	-	-	0.00
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,643	\$ 42,159	\$ 43,802

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures by Funding Source –
Michigan Department of Transportation - Service
From Project Inception Through June 30, 2004

	CM03 Contract Management 2003-0009 73138	PC04 Planning Coordination 2003-0009 77025	PSC3 Project Status Coordination 2003-0009 73136	RS03 Ridesharing CMAQ 2002-0530 55156	RS04 Ridesharing CMAQ 2003-0323 72264	RSS4 Ridesharing (SMART Portion) 2003-0325 59118	TIA3 Mature Driving Workshop 2003-0009 73236	TIA4 Mature Driving Workshop 2003-0009-Z29 75789	Total
Grantor award total	\$ 92,326	\$ 304,421	\$ 109,999	\$ 318,218	\$ 349,532	\$ 94,500	\$ 43,500	\$ 43,000	
Revenues earned									
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered federal grants	36,139	224,116	95,548	255,805	295,976	94,500	43,500	42,159	1,087,742
State grants	-	-	-	-	-	-	-	-	-
Local (SEMCOG)	567	-	576	-	-	1,094	-	-	2,237
Local matching contributions	-	-	-	-	-	-	-	-	-
Other administered federal grants	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-	-
Total revenues earned	<u>\$ 36,706</u>	<u>\$ 224,116</u>	<u>\$ 96,124</u>	<u>\$ 255,805</u>	<u>\$ 295,976</u>	<u>\$ 95,594</u>	<u>\$ 43,500</u>	<u>\$ 42,159</u>	<u>\$ 1,089,980</u>
Expenditures									
Salaries	\$ 10,301	\$ 81,738	\$ 38,328	\$ 63,391	\$ 78,165	\$ 26,147	\$ -	\$ -	\$ 298,069
Subcontracts	-	-	-	-	-	-	-	-	-
Travel	190	499	46	7,417	9,196	4,138	-	-	21,487
Data processing	8,807	18,171	1,136	7,625	-	-	-	-	35,738
Supplies	24	727	3	41,084	48,292	7,221	-	-	97,352
Other costs	-	1,017	-	7,622	10,788	9,291	-	-	28,719
Fringe benefits	5,892	45,405	21,892	36,661	43,420	14,524	-	-	167,793
Support services	4,419	34,120	16,218	42,401	50,068	16,171	-	-	163,397
Indirect costs	<u>7,073</u>	<u>42,439</u>	<u>18,501</u>	<u>49,604</u>	<u>56,047</u>	<u>18,102</u>	<u>-</u>	<u>-</u>	<u>191,766</u>
Operational expenditures	36,706	224,116	96,124	255,805	295,976	95,594	-	-	1,004,321
Pass-through expenditures	-	-	-	-	-	-	43,500	42,159	85,659
Pass-through match	-	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 36,706</u>	<u>\$ 224,116</u>	<u>\$ 96,124</u>	<u>\$ 255,805</u>	<u>\$ 295,976</u>	<u>\$ 95,594</u>	<u>\$ 43,500</u>	<u>\$ 42,159</u>	<u>\$ 1,089,980</u>
Federal and state share of expended funds	\$ 36,139	\$ 224,116	\$ 95,548	\$ 255,805	\$ 295,976	\$ 94,500	\$ 43,500	\$ 362,158	\$ 1,407,741
Cash received	36,139	210,153	95,548	255,805	220,930	94,500	43,500	319,999	1,276,573
Adjustment	-	-	-	-	-	-	-	-	-
Accounts receivable at June 30, 2003	<u>\$ -</u>	<u>\$ 13,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,159</u>	<u>\$ 131,168</u>

Southeast Michigan Council of Governments
By Funding Source – Michigan Department of Transportation - Service
Pass through Expenses/Match
From Project Inception Through June 30, 2004

	CM03 Contract Management 2003-0009 73138	PC04 Planning Coordination 2003-0009 77025	PSC3 Project Status Coordination 2003-0009 73136	RS03 Ridesharing CMAQ 2002-0530 55156	RS04 Ridesharing CMAQ 2003-0323 72264	RSS4 Ridesharing (SMART Portion) 2003-0325 59118	TIA3 Mature Driving Workshop 2003-0009 73236	TIA4 Mature Driving Workshop 2003-0009-Z29 75789	Total
TIA - payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,500	\$ 42,159	\$ 85,659
TIA(I75) - payable	-	-	-	-	-	-	-	-	-
AAA - payable	-	-	-	-	-	-	-	-	-
Aayuats - payable	-	-	-	-	-	-	-	-	-
8 Mile Blvd. Assn. - payable	-	-	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,500</u>	<u>42,159</u>	<u>85,659</u>
TIA - pass-through match	-	-	-	-	-	-	-	-	-
TIA(I75) - pass-through match	-	-	-	-	-	-	-	-	-
AAA - pass-through match	-	-	-	-	-	-	-	-	-
Aayuats - pass-through match	-	-	-	-	-	-	-	-	-
8 Mile Blvd. Assn. - pass-through match	-	-	-	-	-	-	-	-	-
pass-through match total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,500</u>	<u>\$ 42,159</u>	<u>\$ 85,659</u>

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures by Funding Source –
Michigan Department of Transportation – Projects
Year Ended June 30, 2004

	CRS4 Commuter Rail Study 2003-0586 48561	ITS2 Intell Trans System Arch 92-0956 58095	NMG3 Non-Motorized Guidelines 2003-0009 73173	OZ01 Ozone Action CMAQ 92-0956 53603	PA03 MDOT Proj Assistance 2003-0009 73136	Total
Grantor funding percentage	100%	100%	100%	80%	100%	
Revenues earned						
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered federal grants	13,317	-	16,500	68,504	30,428	128,749
State grants	-	-	-	-	-	-
Local (SEMCOG)	-	-	843	17,126	3,733	21,702
Local matching contributions	-	-	-	-	-	-
Other administered federal grants	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues earned	<u>\$ 13,317</u>	<u>\$ -</u>	<u>\$ 17,343</u>	<u>\$ 85,630</u>	<u>\$ 34,161</u>	<u>\$ 150,452</u>
Expenditures						
Salaries	\$ 5,441	\$ -	\$ -	\$ 23,442	\$ 12,854	\$ 41,736
Subcontracts	-	-	-	-	-	-
Travel	-	-	-	1,816	122	1,938
Data processing	-	-	-	13,628	2,271	15,899
Supplies	79	-	11,125	2,381	-	13,585
Other costs	-	-	-	3,486	-	3,486
Fringe benefits	3,023	-	-	13,021	7,140	23,184
Support services	2,253	-	2,934	11,641	5,305	22,133
Indirect costs	2,522	-	3,284	16,215	6,469	28,490
Total expenditures	<u>\$ 13,317</u>	<u>\$ -</u>	<u>\$ 17,343</u>	<u>\$ 85,630</u>	<u>\$ 34,161</u>	<u>\$ 150,452</u>
Accounts receivable at July 1, 2003	\$ -	\$ 4,219	\$ -	\$ 21,223	\$ 15,356	\$ 40,799
Federal and state share of expended funds	13,317	-	16,500	68,504	30,428	128,749
Cash received FY 2003	10,675	4,219	16,500	77,615	45,785	154,794
Adjustments	-	-	-	-	-	-
Accounts receivable at June 30, 2004	<u>\$ 2,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,113</u>	<u>\$ -</u>	<u>\$ 14,754</u>

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures by Funding Source –
Michigan Department of Transportation - Projects
From Project Inception Through June 30, 2004

	CRS4 Commuter Rail Study 2003-0586 48561	ITS2 Intell Trans System Arch 92-0956 58095	NMG3 Non-Motorized Guidelines 2003-0009 73173	OZ01 Ozone Action CMAQ 92-0956 53603	PA03 MDOT Proj Assistance 2003-0009 73136	Total
Grantor award total	\$ 3,509,000	\$ 95,804	\$ 16,500	\$ 471,000	\$ 106,892	
Revenues earned						
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered federal grants	13,317	95,804	16,500	223,252	106,892	455,765
State grants	-	-	-	-	-	-
Local (SEMCOG)	-	148	843	55,813	3,733	60,538
Local matching contributions	-	-	-	-	-	-
Other administered federal grants	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total revenues earned	<u>\$ 13,317</u>	<u>\$ 95,952</u>	<u>\$ 17,343</u>	<u>\$ 279,065</u>	<u>\$ 110,625</u>	<u>\$ 516,302</u>
Expenditures						
Salaries	\$ 5,441	\$ 25,899	\$ -	\$ 77,797	\$ 43,565	\$ 152,702
Subcontracts	-	23,488	-	-	-	23,488
Travel	-	551	-	3,838	122	4,512
Data processing	-	5,865	-	20,582	2,271	28,718
Supplies	79	52	11,125	9,822	2	21,081
Other costs	-	500	-	26,667	-	27,167
Fringe benefits	3,023	14,514	-	43,663	24,902	86,102
Support services	2,253	11,058	2,934	43,036	18,466	77,746
Indirect costs	2,522	14,024	3,284	53,660	21,296	94,787
Total expenses	<u>\$ 13,317</u>	<u>\$ 95,952</u>	<u>\$ 17,343</u>	<u>\$ 279,065</u>	<u>\$ 110,625</u>	<u>\$ 516,302</u>
Federal and state share of expended funds	\$ 13,317	\$ 95,804	\$ 16,500	\$ 223,252	\$ 106,892	\$ 455,765
Cash received	10,675	95,804	16,500	211,139	106,892	441,011
Accounts receivable at June 30, 2004	<u>\$ 2,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,113</u>	<u>\$ -</u>	<u>\$ 14,754</u>

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures By Funding Source --
Michigan Department of Transportation - Projects
Year Ended June 30, 2004

	TAS4 Transportation Asset Mgmt 2003-0009 72750	TDM3 Travel Demand Model 2003-0009 72750	TDM4 Travel Demand Model 2003-0009 74291	WCD3 WATS Crash Data 2003-0009 75648	WHM2 Woodward Heritage Route Mgmt 92-0956 55712	WHM4 Woodward Heritage Route Mgmt 2003-0009 72095	Total
Grantor funding percentage	100%	100%	100%	80%	87%	86.26%	
Revenues earned							
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered federal grants	106,421	-	18,016	15,305	115,164	-	254,905
State grants	-	-	-	-	-	-	-
Local (SEMCOG)	-	-	-	-	(1,517)	-	(1,517)
Local matching contributions	-	-	-	3,826	-	-	3,826
Other administered federal grants	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-
In-kind revenues	-	-	-	-	19,843	-	19,843
Total revenues earned	\$ 106,421	\$ -	\$ 18,016	\$ 19,131	\$ 133,489	\$ -	\$ 277,057
Expenditures							
Salaries	\$ 23,929	\$ -	\$ 6,967	\$ -	\$ -	\$ -	\$ 30,896
Contracts	-	-	-	-	113,647	-	113,647
Travel	2,093	-	719	-	-	-	2,812
Data processing	-	-	-	-	-	-	-
Supplies	23	-	-	-	-	-	23
Other costs	84	-	-	-	-	-	84
Fringe benefits	13,292	-	3,870	-	-	-	17,162
Support services	10,395	-	3,048	-	-	-	13,443
Indirect costs	11,637	-	3,411	-	-	-	15,048
Operational expenditures	61,453	-	18,016	-	113,647	-	193,116
Pass-through expenditures	44,968	-	-	15,305	-	-	60,273
Pass-through match	-	-	-	3,826	-	-	3,826
In-kind match	-	-	-	-	19,843	-	19,843
Total expenditure	\$ 106,421	\$ -	\$ 18,016	\$ 19,131	\$ 133,489	\$ -	\$ 277,057
Accounts receivable at July 1, 2003	\$ -	\$ 80,000	\$ -	\$ -	\$ 55,780	\$ -	\$ 135,780
Federal and state share of expended funds	106,421	-	18,016	15,305	115,164	-	254,905
Cash received FY 2003	105,415	80,000	14,423	-	170,893	-	370,732
Adjustments	-	-	-	-	-	-	-
Accounts receivable at June 30, 2004	\$ 1,006	\$ -	\$ 3,593	\$ 15,305	\$ 50	\$ -	\$ 19,953

Southeast Michigan Council of Governments
By Funding-Source – Michigan Department of Transportation – Projects
Pass through Expenses/Match
Year Ended June 30, 2004

	TAS4 Transportation Asset Mgmt 2003-0009 72750	TDM3 Travel Demand Model 2003-0009 72750	TDM4 Travel Demand Model 2003-0009 74291	WCD3 WATS Crash Data 2003-0009 75648	WHM2 Woodward Heritage Route Mgmt 92-0956 55712	WHM4 Woodward Heritage Route Mgmt 2003-0009 72095	Total
Smart - payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DDOT - payable	-	-	-	-	-	-	-
Asset management - payable	44,968	-	-	-	-	-	44,968
WATS Crash Data - payable	-	-	-	15,305	-	-	15,305
	<u>44,968</u>	<u>-</u>	<u>-</u>	<u>15,305</u>	<u>-</u>	<u>-</u>	<u>60,273</u>
Smart - pass-through match	-	-	-	-	-	-	-
DDOT - pass-through match	-	-	-	-	-	-	-
WATS Crash Data - pass-through Match	-	-	-	3,826	-	-	3,826
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,826</u>	<u>-</u>	<u>-</u>	<u>3,826</u>
Total	\$ 44,968	\$ -	\$ -	\$ 19,131	\$ -	\$ -	\$ 64,099

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures by Funding Source –
Michigan Department of Transportation - Projects
From Project Inception Through June 30, 2004

	TAS4 Transportation Asset Mgmt 2003-0009 72750	TDM3 Travel Demand Model 2003-0009 72750	TDM4 Travel Demand Model 2003-0009 74291	WCD3 WATS Crash Data 2003-0009 75648	WHM2 Woodward Heritage Route Mgmt 92-0956 55712	WHM4 Woodward Heritage Route Mgmt 2003-0009 72095	Total
Grantor award total	\$ 27,360	\$ 100,000	\$ 85,000	\$ 62,500	\$ 335,000	\$ 670,000	
Revenues earned							
Federal grants	-	-	-	-	-	-	-
State administered federal grants	106,421	80,000	18,016	15,305	291,500	-	511,242
State grants	-	-	-	-	-	-	-
Local (SEMCOG)	-	20,301	-	-	-	-	20,301
Local matching contributions	-	-	-	3,826	-	-	3,826
Other administered federal grants	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-
In-kind revenue	-	-	-	-	44,675	-	44,675
Total revenues earned	\$ 106,421	\$ 100,301	\$ 18,016	\$ 19,131	\$ 336,175	\$ -	\$ 580,043
Expenditures							
Salaries	\$ 23,929	\$ 40,282	\$ 6,967	\$ -	\$ -	\$ -	\$ 71,178
Contracts	-	-	-	-	291,500	-	291,500
Travel	2,093	-	719	-	-	-	2,812
Data processing	-	-	-	-	-	-	-
Supplies	23	9	-	-	-	-	32
Other costs	84	-	-	-	-	-	84
Fringe benefits	13,292	23,296	3,870	-	-	-	40,459
Support services	10,395	17,264	3,048	-	-	-	30,707
Indirect costs	11,637	19,450	3,411	-	-	-	34,498
Operational expenditures	61,453	100,301	18,016	-	291,500	-	471,270
Pass-through expenditures	44,968	-	-	15,305	-	-	60,273
Pass-through match	-	-	-	3,826	-	-	3,826
In-kind match	-	-	-	-	44,675	-	44,675
Total expenditures	\$ 106,421	\$ 100,301	\$ 18,016	\$ 19,131	\$ 336,175	\$ -	\$ 580,043
Federal and state share of expended funds	\$ 106,421	\$ 80,000	\$ 18,016	\$ 15,305	\$ 291,500	\$ -	\$ 511,242
Cash received	105,415	80,000	14,423	-	291,450	-	491,288
Adjustments	-	-	-	-	-	-	-
Accounts receivable at June 30, 2004	\$ 1,006	\$ -	\$ 3,593	\$ 15,305	\$ 50	\$ -	\$ 19,953

Southeast Michigan Council of Governments
By Funding Source – Michigan Department of Transportation – Projects
Pass through Expenses/Matches
From Project Inception Through June 30, 2004

	TAS4 Transportation Asset Mgmt 2003-0009 72750	TDM3 Travel Demand Model 2003-0009 72750	TDM4 Travel Demand Model 2003-0009 74291	WCD3 WATS Crash Data 2003-0009 75648	WHM2 Woodward Heritage Route Mgmt 92-0956 55712	WHM4 Woodward Heritage Route Mgmt 2003-0009 72095	Total
Smart - payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DDOT - payable	-	-	-	-	-	-	-
Asset Management - payable	44,968	-	-	-	-	-	44,968
WATS Crash Data - payable	-	-	-	15,305	-	-	15,305
	<u>44,968</u>	<u>-</u>	<u>-</u>	<u>15,305</u>	<u>-</u>	<u>-</u>	<u>60,273</u>
Smart - pass-through match	-	-	-	-	-	-	-
DDOT - pass-through match	-	-	-	-	-	-	-
WATS Crash Data - pass-through match	-	-	-	3,826	-	-	3,826
	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,826</u>	<u>-</u>	<u>-</u>	<u>3,826</u>
Total	<u>\$ 44,968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,099</u>

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures -by Funding Source –
Michigan Department of Transportation of Environmental Quality
And Environmental Protection Agency
Year Ended June 30, 2004

	SMI2 Southeast Michigan Incentive X985409-02	Total
Grantor funding percentage	95%	
Revenues earned		
Federal grants		
State administered federal grants	\$ 14,859	\$ 14,859
State grants	-	-
Local (SEMCOG)	-	-
Local matching contributions	2,381	2,381
Other administered federal grants	-	-
Other revenues	-	-
Total revenues earned	<u>\$ 17,240</u>	<u>\$ 17,240</u>
Expenditures		
Salaries		
Contracts	\$ 2,970	\$ 2,970
Travel	4,400	4,400
Data processing	-	-
Supplies	3,407	3,407
Other costs	6	6
Fringe benefits	914	914
Support services	1,650	1,650
Indirect costs	1,461	1,461
	2,432	2,432
Total expenditures	<u>\$ 17,240</u>	<u>\$ 17,240</u>
Accounts receivable at July 1, 2003		
Federal and state share of expended funds	\$ 1,071	\$ 1,071
Cash received FY 2004	14,859	14,859
Adjustments	11,750	11,750
	-	-
Accounts receivable at June 30, 2004	<u>\$ 4,180</u>	<u>\$ 4,180</u>

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures by Funding Source –
Michigan Department of Environmental Quality and Environmental Protection Agency
From Project Inception Through June 30, 2004

	SMI2 Southeast Michigan Initiative X985409-02	Total
Grantor award total	\$ 66,316	
Revenues earned		
Federal grants	\$ 51,026	\$ 51,026
State administered federal grants	-	-
State grants	-	-
Local (SEMCOG)	4,285	4,285
Local matching contributions	-	-
Other administered federal grants	-	-
Other revenues	-	-
Total revenues earned	<u>\$ 55,311</u>	<u>\$ 55,311</u>
Expenditures		
Salaries	\$ 14,149	\$ 14,149
Contracts	4,400	4,400
Travel	35	35
Data processing	10,222	10,222
Supplies	108	108
Other costs	2,224	2,224
Fringe benefits	7,891	7,891
Support services	6,482	6,482
Indirect costs	9,800	9,800
Total expenditures	<u>\$ 55,311</u>	<u>\$ 55,311</u>
Federal and state share of expended funds	\$ 51,026	\$ 51,026
Cash received	46,846	46,846
Accounts receivable at June 30, 2003	<u>\$ 4,180</u>	<u>\$ 4,180</u>

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures by Funding Source –
Federal Transportation Administration
Year Ended June 30, 2004

	CRS3 Commuter Rail Study MI-03-0179-00	Total
Grantor funding percentage	100%	
Revenues earned		
Federal grants	\$ 477,153	\$ 477,153
State administered federal grants	-	-
State grants	-	-
Local (SEMCOG)	0	0
Local matching contributions	-	-
Other administered federal grants	-	-
Other revenues	-	-
Total revenues earned	<u>\$ 477,153</u>	<u>\$ 477,153</u>
Expenditures		
Salaries	\$ -	\$ -
Subcontracts	477,153	477,153
Travel	-	-
Data processing	-	-
Supplies	-	-
Other costs	-	-
Fringe benefits	-	-
Support services	-	-
Indirect costs	-	-
Total expenditures	<u>\$ 477,153</u>	<u>\$ 477,153</u>
Accounts receivable at July 1, 2003	\$ 90,574	\$ 90,574
Federal and state share of expended funds	477,153	477,153
Cash received FY 2004	589,068	589,068
Adjustments	100,000	100,000
Accounts receivable at June 30, 2004	<u>\$ 78,659</u>	<u>\$ 78,659</u>

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures by Funding Source –
Federal Transportation Administration
From Project Inception Through June 30, 2004

	CRS3 Commuter Rail Study MI-03-0179-00	Total
Grantor award total	\$ 995,320	
Revenues earned		
Federal grants		
State administered federal grants	\$ 820,540	\$ 820,540
State grants	-	-
Local (SEMCOG)	-	-
Local matching contributions	(1)	(1)
Other administered federal grants	-	-
Other revenues	-	-
Total revenues earned	<u>\$ 820,539</u>	<u>\$ 820,539</u>
Expenditures		
Salaries	\$ -	\$ -
Subcontracts	820,539.22	820,539.22
Travel	-	-
Data processing	-	-
Supplies	-	-
Other costs	-	-
Fringe benefits	-	-
Support services	-	-
Indirect costs	-	-
Total expenditures	<u>\$ 820,539</u>	<u>\$ 820,539</u>
Federal and state share of expended funds	\$ 820,540	\$ 820,540
Cash received	841,881	841,881
Adjustments	100,000	100,000
Accounts receivable at June 30, 2004	<u>\$ 78,659</u>	<u>\$ 78,659</u>

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures by Funding Source –
Other and Local Projects
Year Ended June 30, 2004

	LP03 Local Projects FY02-03	LP04 Local Projects FY 03-04	MA02 Metro Affairs Coalition 2002	MA03 Metro Affairs Coalition 2003	MA04 Metro Affairs Coalition 2004	RG04 Rainguage Network FY 03-04	WC03 Wayne County Wet Weather Demo WC/EPA	Total
Grantor funding percentage	100%	100%	100%	100%	100%	100%	50%	
Revenues earned								
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered federal grants	-	-	-	-	-	-	-	-
State grants	-	-	-	-	-	-	-	-
Local (SEMCOG)	(120)	1,195,752	-	-	-	17,075	60,800	1,273,507
Local matching contributions	-	-	-	-	-	-	-	-
Other administered federal grants	-	-	-	-	-	-	60,800	60,800
Other revenues	-	-	-	128,304	140,201	77,000	-	345,505
Total revenues earned	\$ (120)	\$ 1,195,752	\$ -	\$ 128,304	\$ 140,201	\$ 94,075	\$ 121,601	\$ 1,679,813
Expenditures								
Salaries	\$ -	\$ 356,474	\$ -	\$ 63,215	\$ 69,057	\$ 30,341	\$ 38,861	\$ 557,950
Subcontracts	-	69,237	-	-	-	24,000	-	93,237
Travel	-	29,716	-	-	-	285	55	30,056
Data processing	-	28,392	-	4,543	4,543	-	4,543	42,020
Supplies	-	16,500	-	1,135	1,692	3,007	7,904	30,237
Other costs	(120)	(6,627)	-	-	-	7,194	8,231	8,678
Fringe benefits	-	195,908	-	35,115	38,360	4,125	19,358	292,867
Support services	-	161,249	-	-	-	11,854	19,622	192,725
Indirect costs	-	187,138	-	24,296	26,549	13,270	23,027	274,279
Equipment expenditures, net of depreciation	-	-	-	-	-	-	-	-
Total expenditures	\$ (120)	\$ 1,037,987	\$ -	\$ 128,304	\$ 140,201	\$ 94,075	\$ 121,601	\$ 1,522,047.60
Accounts receivable at July 1, 2003	\$ -	\$ -	\$ 4,016	\$ 8,542	\$ -	\$ -	\$ 1,212	\$ 13,770.92
Federal and state share of expended funds	-	-	-	128,304	140,201	77,000	60,800	406,306
Cash received FY 2004	-	-	4,016	136,832	119,449	77,000	32,266	369,563
Accounts receivable at June 30, 2004	\$ -	\$ -	\$ -	\$ 15	\$ 20,752	\$ -	\$ 29,747	\$ 50,514

Southeast Michigan Council of Governments
Combining Statement of Revenues and Expenditures by Funding Source –
Other and Local Projects
From Project Inception Through June 30, 2004

	LP03 Local Projects FY02-03	LP04 Local Projects FY 03-04	MA02 Metro Affairs Coalition 2002	MA03 Metro Affairs Coalition 2003	MA04 Metro Affairs Coalition 2004	RG04 Rainguage Network FY 03-04	WC03 Wayne County Wet Weather Demo WC/EPA	Total
Grant award total	\$ 1,283,026	\$ 1,102,801	\$ 241,050	\$ 236,985	\$ 378,819	\$ 89,253	\$ 242,000	
Revenues earned								
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State administered federal grants	-	-	-	-	-	-	-	-
State grants	-	-	-	-	-	-	-	-
Local (SEMCOG)	1,059,461	1,195,752	-	-	-	-	-	-
Local matching contributions	-	-	-	-	-	17,075	70,281	2,342,569
Other administered federal grants	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	70,281	70,281
Total revenues earned	\$ 1,059,461	\$ 1,195,752	\$ 208,987	\$ 230,134	\$ 140,201	\$ 94,075	\$ 140,562	\$ 3,069,171
Expenditures								
Salaries	\$ 346,121	\$ 356,474	\$ 98,585	\$ 111,740	\$ 69,057	\$ 30,341	\$ 45,929	\$ 1,058,248
Subcontracts	95,068	69,237	-	-	-	24,000	-	188,305
Travel	25,546	29,716	-	-	-	285	55	55,601
Data processing	30,499	28,392	9,272	8,900	4,543	-	5,632	87,237
Supplies	15,307	16,500	5,367	2,273	1,692	3,007	7,913	52,059
Other costs	1,126	(6,627)	-	-	-	7,194	8,231	9,925
Fringe benefits	193,278	195,908	55,311	63,179	38,360	4,125	23,446	573,607
Support services	162,315	161,249	-	-	-	11,854	22,653	358,070
Indirect costs	190,201	187,138	40,451	44,042	26,549	13,270	26,703	528,354
Total expenditures	\$ 1,059,461	\$ 1,037,987	\$ 208,987	\$ 230,134	\$ 140,201	\$ 94,075	\$ 140,562	\$ 2,911,406
Federal and state share of expended funds	\$ -	\$ -	\$ 208,987	\$ 230,134	\$ 140,201	\$ 77,000	\$ 70,281	\$ 726,602
Cash received	-	-	208,987	230,119	119,449	77,000	40,534	676,089
Accounts receivable at June 30, 2004	\$ -	\$ -	\$ -	\$ 15	\$ 20,752	\$ -	\$ 29,747	\$ 50,514

Supplemental Financial Information

Southeast Michigan Council of Governments
Computation of Fringe Benefit Rates and Schedules of Fringe Benefits
Year Ended June 30, 2004

	Part-Time	Full-Time	Total
FICA	\$ 9,244	\$ 264,063	\$ 273,307
Medicare	2,217	63,336	65,553
Unemployment	-	16,703	16,703
Dental insurance	-	59,715	59,715
Group Life Insurance	-	69,612	69,612
Group Health Insurance	-	694,525	694,525
Workers compensation	-	15,546	15,546
Annual leave	-	341,425	341,425
Sick leave	-	159,678	159,678
Holiday leave	-	149,441	149,441
Administrative leave	-	20,964	20,964
Retirement	-	132,928	132,928
Other fringe benefits	-	115,365	115,365
Total	\$ 11,461	\$ 2,103,302	\$ 2,114,763

Fringe benefits were allocated to cost centers as follows:

Direct costs	\$ 1,518,200
Indirect data processing costs	123,578
Support services costs	346,340
Indirect costs	126,645
	\$ 2,114,763

The separate fringe benefit rates for the year ended June 30, 2004 are as follows:

	Full-Time Employees	Part-Time Employees	Combined Costs
Fringe benefits	\$ 2,103,303	\$ 11,462	\$ 2,114,765
Gross salaries	\$ 3,786,411	\$ 132,547	\$ 3,918,958
	$= 55.55\%$	$= 8.65\%$	$= 53.96\%$

Southeast Michigan Council of Governments
Schedule of Allocated Direct Data Processing Costs
Year Ended June 30, 2004

	DP Cost
Salaries	\$ 222,468
Contracts	-
Travel	1,766
Meetings and conference	6,378
Computer equipment	27,666
Print and stationary	-
Office supplies	10
Postage	145
Dues/membership	366
Other expenses	-
Telephone	13,514
Equipment rental and maintenance	19,475
Depreciation	37,666
Meeting expense	101
Fringe benefits	123,577
	<u>\$ 453,133</u>

The allocated direct data processing cost rate for the year ended June 30, 2004 is as follows:

Direct data processing costs	\$ 453,133
Total base units	$\frac{\$ 453,133}{\$ 399} = \$ 1,136$

Southeast Michigan Council of Governments
Schedule of Support Services Costs
Year Ended June 30, 2004

Salaries, full-time	\$ 623,242
Salaries, part-time	1,583
Contract labor	-
Contracts	2,894
Travel	12,749
Meeting and conferences	19,495
Auto rental and maintenance	-
Data processing	72,683
Furniture expense	-
Computer equipment	63
Print and stationary	30,010
Office supplies	3,879
Postage	16,765
Dues and memberships	38,295
Other	3,692
Telephone	30
Equipment rent and maintenance	-
Meeting expenses	48,967
Meeting revenues	(2,180)
Refunded expenditures	(22,037)
Fringe benefits	346,340
	<u>\$ 1,196,467</u>

The support services cost rate for the year ended June 30,2004, is the ratio of the support services costs to direct and other allocated costs, or:

Support services costs	\$ 1,196,467	
Allocation base	\$ 4,537,133	= 26.37%

The direct and other allocated costs making up the allocation base are as follows:

Direct costs and allocated fringe benefits	\$ 6,285,030
Less	
Support services	(1,196,467)
Data processing	(342,973)
Metro Affairs Corporation	(99,466)
Project 3855 Guaranteed Ride Home	(109,109)
Project 3841 Public Outreach	119
	<u>\$ 4,537,133</u>

Southeast Michigan Council of Governments
Schedule of Indirect Costs
Year Ended June 30, 2004

Salaries, full-time	\$ 227,988
Salaries, part-time	-
Contract labor	-
Contracts	40,966
Travel	493
Meeting and conferences	604
Auto rental and maintenance	53,658
Data processing	37,477
Furniture expense	3,094
Computer expense	1,295
Printing and stationary	12,946
Office supplies	18,857
Postage	30,777
Insurance	49,982
Dues, memberships and subscriptions	2,951
Other expenses	3,607
Telephone	28,096
Utilities and other	35,469
Equipment rental and maintenance	46,153
Depreciation expense	48,563
Home rent	696,378
Meeting expenses	2,194
Refunded expenditures	-
Fringe benefits	126,645
	<u>\$ 1,468,193</u>

The indirect cost rate for the year ended June 30, 2004, is the ratio of the indirect costs to direct costs and other allocated costs, or:

Indirect cost	\$ 1,468,193
Direct and other allocated costs consolidated	\$ 6,285,149 = 23.36%

Operating expenses	\$ 8,573,747
Less	
04IND	(1,468,193)
Contract (Elm 1-8 Only)	(821,325)
In-kind (Elm 18- Only)	(19,843)
Add back Ref Exp (Elm 1-8 Only)	15,000
Add back Meet Rev (Elm 1-8 Only)	14,714
Less Stormwater Workshop and GRH reimbursement projects*	(8,951)
	<u>\$ 6,285,149</u>

* Project not included in allocation plan

Part II – Schedule of Expenditures of Federal Awards

Southeast Michigan Council of Governments
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2004

	CFDA #	Federal Grant Name/ Number	SEMCOG Grant #/ID	Federal Share of Total 2004 Expenditures
U.S. Department of Transportation				
Passed through the Michigan Department of Transportation				
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	CM03 \$ 9,244
Federal Highway Administration Planning & Construction	*	20.205	2003-0586	CRS4 13,317
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	F03A 53,469
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	F03M 26,850
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	F03S 76,272
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	F04 3,853,102
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	F04A 202,746
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	F04M 46,659
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	F04S 144,147
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	NMG3 16,500
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	OZ01 68,504
Federal Highway Administration Planning & Construction	*	20.205	92-0956	PA03 30,428
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	PC04 224,116
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	PSC3 29,934
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	RS04 295,976
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	RSS4 94,500
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	TAS4 106,421
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	TDM4 18,016
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	TIA3 1,643
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	TIA4 42,159
Federal Transit Administration	*	20.505	2003-0009	U03 24,151
Federal Transit Administration	*	20.505	2003-0009	U04 1,198,464
Federal Highway Administration Planning & Construction	*	20.205	2003-0009	WCD3 15,305
Federal Highway Administration Planning & Construction	*	20.205	92-0956	WHM2 115,164
Total funds passed through MDOT				\$ 6,707,087
Federal Transit Administration				
Federal Transit Administration	*	20.505	MI-03-0179-00	CRS3 \$ 477,153
Total funds passed through FTA				\$ 477,153
U.S. Environmental Protection Agency				
Water Quality Cooperative Agreement		66.463	X985409-02	SM12 \$ 14,859
Total funds passed through EPA				\$ 14,859
Passed through Wayne County				
pass-through Wayne County Rouge River National Wet Weather			X995743-05	WC03 \$ 60,800
Total funds passed through Wayne County				\$ 60,800
Total Federal Financial Assistance				\$ 7,259,899

*Major Program

Southeast Michigan Council of Governments
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2004

1. Scope of Audit Pursuant to OMB Circular A-133

All federal grant operations of Southeast Michigan Council of Governments (the "Council") are included in the scope of the Office of Management and Budget ("OMB") Circular A-133 audit. The audit was performed in accordance with the provisions of the OMB Circular A-133 and Statement of Position No. 98-3. Compliance testing of all requirements as described in OMB Circular A-133 and American Institute of Certified Public Accountants Statement of Position 98-3 were performed.

The Michigan Department of Transportation has been designated as the Council's cognizant agency for the audit.

2. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards includes all federal grant transactions the Council recorded on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Council has met the qualifications for the respective grants. Federal grant expenditures are applied against federal grant funds to the extent of revenue available when they properly apply to the grant.

Southeast Michigan Council of Governments
Schedule of Findings and Questioned Costs
June 30, 2004

Section I - Summary of Auditor's Results
General-Purpose Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting

Material weakness(es) identified? yes X no

Reportable condition(s) identified not considered
to be material weaknesses? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs?

Material weakness(es) identified? yes X no

Reportable condition(s) identified not considered
to be material weakness(es)? yes X none reported

Type of auditor's report issued on compliance for
major programs Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Circular A-133,
Section .510(a)7 yes X no

Identification of major programs

CFDA Number(s)

20.205

U.S. Department of Transportation

20.505

Federal Transit Administration

Dollar threshold used to distinguish between Type A
and Type B programs

\$ 300,000

Auditee qualified as low-risk auditee?

 X yes no

Southeast Michigan Council of Governments
Schedule of Findings and Questioned Costs
June 30, 2004

Section II – General-Purpose Financial Statements Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

Part III – Reports on Internal Controls and Compliance

**Report of Independent Auditors on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Executive Committee of the
Southeast Michigan Council of Governments

We have audited the financial statements of Southeast Michigan Council of Governments (the "Council") as of and for the year ended June 30, 2004, and have issued our report thereon dated November 1, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information and use of the Executive and Finance Committees, management and federal awarding agencies and ass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record, and its distribution is not limited.

PricewaterhouseCoopers LLP

November 1, 2004

**Report of Independent Auditors on Compliance with Requirements
Applicable to each Major Program and on Internal Control over
Compliance in Accordance with OMB Circular A-133**

To the Executive Committee of the
Southeast Michigan Council of Governments

Compliance

We have audited the compliance of Southeast Michigan Council of Governments (the "Council") with the types of compliance requirements described in the U. S. Office of Management and Budget ("OMB") Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2004. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of the Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Executive and Finance Committees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record, and its distribution is not limited.

PricewaterhouseCoopers LLP

November 1, 2004